

Star Stone Quarries Inc.
4040 South 300 West
Salt Lake City, Utah 84107

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January 10, 2002

State of Utah
Department of Natural Resources
Division of Oil Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114

RE: Cancellation of Bonds

Dear Sir,

We spent a lot of time over the last ten years investigating bonds for reclamation. We had a difficult time finding insurance companies that do these types of bonds. We also spent considerable time getting the wording right for the State of Utah. We feel that it is unfair to ask as to redo this work. Our bonds were acceptable to the state when they were filed and as such we feel that the grandfather rules should apply to the current approved bonds. We may not be able to find a new bonding company. There is also the issue of cancellation fees on the current bonds. Insurance companies usually will not refund premiums for partial years. Cash bonds are not an option at this time. Due to the September 11th problems our sales have dramatically decreased over the last three months severely affecting our cash flow. We agree to use current state approved bonding for any future bonds.

We want to stay in compliance with all state requirements. Changes like these could make it impossible to comply. We have to plan our cash flow months in advance for bonding issues. We request our current bonds be accepted as is. Thank you for your help on this matter.

Sincerely,



Lon Thomas

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DIVISION OF
OIL, GAS AND MINING